

What is the Pension Protection Act and How Does it Affect You?

Overview of the Pension Protection Act (PPA) of 2006

Last August, President Bush signed the Pension Protection Act of 2006. In general, the PPA was created to help protect private sector pension and retirement plan participants and promote individual savings. There are some provisions, however, that apply to public plans and give our members and retirees additional options for rollovers and distributions.

For active members

Rollover options – If you are an active member, you now have more flexible rollover options. This includes the ability to roll over *both* your tax-deferred and after-tax dollars to recover or purchase service credit. Tax-deferred dollars come from a plan like the Deferred Compensation Program (DCP). After-tax dollars come from a qualified pension plan (for more information see www.drs.wa.gov/Member/Publications/purchase.htm).

For terminating or retired members

- **Beneficiary rollover options** – Non-spousal beneficiaries (such as your children) have new options. Your non-spousal beneficiaries may now transfer your remaining plan contributions into an inherited IRA.
- **Early withdrawal penalty for some public safety employees** – Certain public safety employees who separate from service after age 50 can waive the additional 10-percent early withdrawal penalty tax for withdrawals from their retirement accounts.
- **Health or long-term care insurance premium deductible for some retired public safety officers** – Certain retired public safety officers may be eligible to exclude up to \$3,000 of their annual retirement benefit from federal income tax if it is used to purchase health or long-term care insurance. The premiums must be withheld from the benefit payment and sent directly to the insurer from DRS.

These are just the highlights. For more information, see your personal tax advisor, visit the DRS home page at www.drs.wa.gov, or give us a call at (360) 664-7000. ■

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Retirement Outlook is available to members in alternate formats. For more information contact the editor at 360-664-7097.

Legislative update

The 2007 Legislative Session convened on January 8 and is scheduled to end on April 22, 105 days later.

The Select Committee on Pension Policy (SCPP) has introduced several bills already, as has the LEOFF 2 Board. For the latest information on pension-related bills, visit the DRS Legislative Web site at www.drs.wa.gov/legislative/2007.

To learn the status of any piece of legislation or leave messages for legislators, call the Legislature's toll-free hotline: 800-562-6000; TDD 800-635-9993, or visit www.leg.wa.gov/legislature.

As they do every biennium, lawmakers will also draft and pass a two-year budget authorizing state spending from July 1, 2007, through June 30, 2009.

For televised coverage of legislative hearings and public policy events, watch TVW, Washington's public affairs network. Visit www.tvw.org for more information. ■

New 2007 rates for Plan 2 and WSPRS members

In late 2006, the Pension Funding Council adopted pension contribution rates for the 2007-2009 biennium. If adopted by the Legislature, new rates will go into effect July 1 for:

- PERS Plan 2 members
- LEOFF Plan 2 members
- WSPRS Plan 1 members
- WSPRS Plan 2 members

New rates will go into effect September 1 for:

- TRS Plan 2 members
- SERS Plan 2 members

The State Actuary evaluates the plans each year. In odd-numbered years, that data is used to recommend contribution rate adjustments (if any) to the Pension Funding Council. Several factors go into the rate calculations, including the financial and demographic experience of the plans and the cost of any benefit increases. If you would like more information or would like to see the 2005 report, please visit the Actuary's Web site at <http://osa.leg.wa.gov/>. ■

Planning for the rest of your life

It's your retirement, what will you do with it?

Americans are living longer, healthier, and more active lives than ever before. This means that your retirement will probably be longer than your parents'. Will you have enough money for your extra-long life? It's never too early to start planning. First step? Daydream...

Dream: What do you want to do when you retire? What are your hopes and goals? Imagine what you'd like your typical day as a retiree to look like. Are you living in the same place? Enjoying the same hobbies or finding new ones? Beginning another career?

Explore: What do you need to fulfill your dreams? Check out the requirements -- how much money, time and expertise will you need?

One public employee wants to buy a retirement beach house. He's set up a research plan that includes visiting a different beach community every quarter, investigating the real estate market at the ones he likes, and reading the local papers, classifieds and all. [Editor's note: he also socks money away -- a little bit every month goes into his Deferred Compensation Program account.]

Build: What can you do now to prepare for the retirement you want later? Sign up for a retirement seminar? Put extra money away? You might also want to consider starting or increasing your contributions to the Deferred Compensation Program or an Individual Retirement Account (IRA).

One public employee rides her bike to work once a week and puts the gas money she saves into a high interest account.

Maintain: Tackle a few small steps toward your goals every week. Think of it as a marathon, not a sprint. (Most marathoners have a support group -- have you signed up for a free DRS retirement seminar yet?)

One public employee is an avid outdoorsman with an interest in native trees. He plans to start a mail order business when he retires. He meets with a small business group every month for support and resources. He says it keeps him on track.

One of the best ways to save money is not to spend it. One of the best ways to not spend money is to reduce your medical costs by staying healthy. If you haven't done so already, get serious and give the gift of good health to yourself and your family. For assistance in improving and maintaining your health, check out the Washington Wellness Works Web site at www.wellness.wa.gov.

Creating lifetime financial security is both rewarding and essential to your future. Let us know how we can help. ■

Where to go for more information:

- » Attend a free DRS retirement planning seminar. The seminars are chock full of tips and resources. Been to one already? You may want to sign up again 5, 10, 15 years or more before you retire. Laws change, so the seminar you attended a decade ago may be different from the one you want to attend 5 years before you plan to retire.
- » Ask a Deferred Compensation Program specialist about pre-tax savings. DCP staff are trained and dedicated to help you. Give us a call or visit our Web site at www.drs.wa.gov/dcp.
- » Visit your local library - online or in person. The future beach house buyer reads coastal newspapers and checks out books about real estate at his library.
- » Join (or start) a club or group of like-minded people to share information. You don't have to go it alone! ■

Plan ahead for your retirement



DRS offers free planning seminars and workshops. Your spouse or partner is welcome to attend.

Seminars run from 8:00 a.m. to 5:00 p.m. and include presentations on financial

and estate planning, health insurance, VEBA, Social Security, the Deferred Compensation Program and the specifics of your retirement plan.

Workshops run 60 to 90 minutes and cover service credits, retirement eligibility, benefit calculations, payment options and other plan-specific information.

These are group presentations. Individual appointments are available by contacting DRS at recep@drs.wa.gov or by calling 1-800-547-6657 or 360-664-7000 in the Olympia area.

How to register:

- Online - Via the Internet at www.drs.wa.gov: click the Retirement Planning "Quick Clicks."
- Telephone - Call 1-888-711-6676 or 360-664-7300 in the Olympia area. The TDD line is toll-free at 1-866-377-8895 or 360-586-5450 in the Olympia area.
- E-mail, U.S. mail or campus mail - Send your registration to register@drs.wa.gov or to PO Box 48380, Olympia, WA 98504-8380 or by campus mail to MS 48380. If your spouse or partner will attend with you, include that person's name. ■

Seminar and Workshop Locations May - August 2007

Saturday, May 12 - Tacoma

Saturday, May 19 - Port Townsend

Friday, June 15 - Seattle

Saturday, June 30 - Spokane

Saturday, July 14 - Everett

Friday, July 20 - Tumwater*

Saturday, August 4 - Wenatchee*

Saturday, August 18 - Edmonds

Note: All locations include workshops for PERS, PSERS, SERS and TRS members. LEOFF and WSPRS workshops are offered only at the locations shown with an asterisk (*).

DRS is planning seminars in the following cities for fall 2007: Bellingham, Seattle, Spokane, Tacoma, Tri-Cities, Tumwater, and Vancouver.

Workshop Schedule

	PLAN 1	PLAN 2	PLAN 3
PERS	1:00 p.m. – 2:30 p.m.	11:15 a.m. – 12:45 p.m.	11:15 a.m. – 12:45 p.m.
PSERS	n/a	11:15 a.m. – 12:45 p.m.	n/a
SERS	n/a	11:15 a.m. – 12:45 p.m.	11:15 a.m. – 12:45 p.m.
TRS	1:00 p.m. – 2:30 p.m.	11:15 a.m. – 12:45 p.m.	11:15 a.m. – 12:45 p.m.
LEOFF	11:15 a.m. – 12:25 p.m.	1:35 p.m. – 2:35 p.m.	n/a
WSPRS	12:30 p.m. – 1:30 p.m.	n/a	n/a

Watch for your annual statement – coming in March

If you are a member of one of the retirement systems shown below, your 2006 annual statement will be delivered to your employer during the month of March:



- *Public Employees (PERS)*
- *Law Enforcement Officers and Fire Fighters (LEOFF)*
- *Washington State Patrol (WSPRS)*
- *Judicial (JRS)*
- *Public Safety Employees (PSERS)*

Annual statements provide updates on your service credit and contributions and are based on the most recent information reported to DRS by your employer. Your statement, however, may not match the total retirement contribution amount on your year-end pay slip because contributions are generally posted to your account the month following payroll deduction.

If you are a Plan 3 member, your annual statement will provide your service credit information. Plan 3 members receive quarterly statements from the Plan 3 record keeper, ICMA-Retirement Corporation, that detail their contributions and account balance.

You may sign up for the DRS Online Account Access service and view your annual statements online. To sign up for this service, visit the DRS Web site at www.drs.wa.gov.

Be sure to review your annual statement carefully. If you find discrepancies or have questions, please contact your payroll officer, or call DRS if you are no longer employed. ■

New site explores impact of climate change on Washington

The departments of Ecology and Community Trade and Economic Development recently teamed up to launch a Web portal on climate change and its impact on Washington's economy, environment and communities.



Information on the site includes the full text of a December 2006 report, "Impacts of Climate Change on Washington's Economy," commissioned by the two agencies. Also featured – information on what you, as an individual, can do to help slow climate change. For instance, did you know that one tree will absorb more than a ton of carbon dioxide in its lifetime?

Check out the new site at www.ecy.wa.gov/climatechange. ■

Do you have friends or neighbors who think they can't afford health care coverage?

Washington's Basic Health offers affordable coverage for state residents who meet the program's guidelines. The Health Care Authority encourages you to "tell a friend" that space is available in Basic Health.

More information, including guidelines, a fact sheet and an application packet, can be found at www.basichealth.hca.wa.gov or by calling 1-800-660-9840. ■



Back issues available online

You can find an archive of previous Retirement Outlook issues on the DRS Web site at www.drs.wa.gov.



This newsletter is delivered in bulk to employers.
Changes to affixed mailing labels should be directed to your employer.

Q&A with DRS

Q: Can I give you my new address over the telephone?

A: Your employer must submit any change to your address so that both DRS and your employer have current information. This also ensures that you receive correspondence quickly and securely. Simply tell your employer when your address changes, and they'll let us know.

Q: My beneficiary recently married. Can I give you her new married name over the phone?

A: Your *Beneficiary Designation* form is one of the most important pieces of information associated with your retirement account and it needs to have your signature on it. The good news is, it's easy to update. Just visit our Web site at www.drs.wa.gov and "Quick Click" on *Forms*. This form is also available from your employer.

Beneficiary name changes aren't the only reasons to update this form. If you marry or divorce, you should complete and submit a new form, even if your beneficiary remains the same. ■

Optional service credit for substitute teaching, disability, military service

You may be eligible to receive service credit for time employed as a classified substitute school employee or a substitute teacher; leave taken for a temporary disability; or employment interrupted by military service. The guidelines covering what, and how much, service is credited are specific to your retirement plan.

Members of PERS Plan 1 and WSPRS Plan 1 may also be eligible for "non-interruptive" military service credit. This refers to military service that occurred prior to Plan 1 membership.

For more information, call us toll-free at 1-800-547-6657 or visit our Web site. ■